



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0262	Title:	Implement CSKT water rights settlement
Primary Sponsor:	Vincent, Chas	Status:	As Introduced

- | | | |
|--|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$8,000,000	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u><u>(\$8,000,000)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Description of fiscal impact: SB 262 ratifies the water rights compact between the state and the Confederated Salish and Kootenai Tribes. It commits the state to an eventual contribution to settlement, of which \$8 million is included in the Executive Budget and may be spent during the 2017 biennium for purposes of water measurement, on-farm efficiency, and development of alternative stock water sources on the Flathead Indian Irrigation Project (FIIP).

FISCAL ANALYSIS

Assumptions:

1. SB 262 obligates the state to authorize appropriations to meet its settlement commitments within five years from the date the compact is ratified by the United States Congress.
2. SB 262 commits the state to a \$55 million contribution to settlement for irrigation improvements and habitat enhancement on and surrounding the Flathead Indian Irrigation Project (FIIP).
3. \$8 million is included in the Executive Budget for the 2017 biennium which will count toward satisfaction of the state's contributions to the total settlement. The \$8 million will be put toward water measurement activities, improving on-farm efficiency, and mitigating the loss of stock water deliveries from the FIIP. This \$8 million is a portion of the state's eventual total contribution (see Long-Term Impact 1).

4. SB 262 establishes a five-member Compact Implementation Technical Team, for which the state has responsibility to supply one technical staff member FTE along with any necessary supporting staff. These positions will be filled from existing DNRC staff from the Compact Implementation Bureau within the Water Resources Division.

Secretary of State

5. This bill will have minimal cost for postage and administrative duties related to tribal notifications in Section 21 of the bill. The Office of the Secretary of State does not receive general fund monies for office operations, but will assume the fiscal responsibility for this bill.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$8,000,000	\$0	\$0	\$0
TOTAL Expenditures	\$8,000,000	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$8,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$8,000,000	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$8,000,000)	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

Long-Term Impacts:

- SB 262 commits the state to a \$55 million contribution to settlement for irrigation improvements and habitat enhancement on and surrounding the Flathead Indian Irrigation Project (FIIP). In addition to the \$8 million dollars in the executive budget for the FY 17 biennium (see Assumption 3), \$47 million will be committed by the state in later years to fulfill the state's commitments to the settlement. The state's total contribution to settlement will be allocated as follows:
 - \$30 million to offset costs associated with compact implementation and related projects;
 - \$4 million for water measurement activities;
 - \$4 million for improving on-farm efficiency;
 - \$4 million for mitigating the loss of stock water deliveries from the FIIP; and
 - \$13 million to provide for aquatic and terrestrial habitat enhancement.
- The settlement commitments articulated in SB 262 represent the costs associated with achieving a settlement of the Confederated Salish and Kootenai Tribes reserved water rights in a way that protects existing uses on and off the reservation. \$42 million of the state's eventual contribution to settlement will go directly toward improvements to the FIIP that will help protect existing uses of water while meeting tribal instream flow water rights.

3. In addition to the state's eventual contribution to settlement, SB 262 commits the state to covering costs associated with two and a half positions on a five-member water management board that will administer water rights on the Reservation once the Compact becomes effective following approval by the state, the tribes, and the United States.

Sponsor's Initials

Date

Budget Director's Initials

Date